

TOYOTA MOTOR CORPORATION

Analysis of Results of Operations

Financial results

Consolidated vehicle unit sales in Japan and overseas increased by 313 thousand units, or 15.5%, to 2,326 thousand units in FY2024 first quarter (the first quarter ended June 30, 2023) compared with FY2023 first quarter (the first quarter ended June 30, 2022). Vehicle unit sales in Japan increased by 129 thousand units, or 32.0%, to 532 thousand units in FY2024 first quarter compared with FY2023 first quarter. Overseas vehicle unit sales increased by 184 thousand units, or 11.4%, to 1,794 thousand units in FY2024 first quarter compared with FY2023 first quarter.

The results of operations for FY2024 first quarter were as follows:

| | | |
|---|-------------------|---|
| Sales revenues | ¥10,546.8 billion | (an increase of ¥2,055.7 billion or 24.2% compared with FY2023 first quarter) |
| Operating income | ¥1,120.9 billion | (an increase of ¥542.2 billion or 93.7% compared with FY2023 first quarter) |
| Income before income taxes | ¥1,720.5 billion | (an increase of ¥698.8 billion or 68.4% compared with FY2023 first quarter) |
| Net income attributable to Toyota Motor Corporation | ¥1,311.3 billion | (an increase of ¥574.5 billion or 78.0% compared with FY2023 first quarter) |

The changes in operating income were as follows:

| | |
|--|-------------------------------|
| Marketing efforts | an increase of ¥600.0 billion |
| Effects of changes in exchange rates | an increase of ¥115.0 billion |
| Cost reduction efforts | a decrease of ¥155.0 billion |
| Increase or decrease in expenses and expense reduction efforts | a decrease of ¥70.0 billion |
| Other | an increase of ¥52.2 billion |

TOYOTA MOTOR CORPORATION

Analysis of Results of Operations

Segment operating results

(i) Automotive:

Sales revenues for the automotive operations increased by ¥1,967.8 billion, or 25.5%, to ¥9,687.9 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥496.3 billion, or 110.5%, to ¥945.6 billion in FY2024 first quarter compared with FY2023 first quarter. The increase in operating income was mainly due to marketing efforts.

(ii) Financial services:

Sales revenues for the financial services operations increased by ¥123.0 billion, or 18.9%, to ¥775.1 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥32.7 billion, or 28.6%, to ¥147.2 billion in FY2024 first quarter compared with FY2023 first quarter. The increase in operating income was mainly due to the recording of valuation gains on interest rate swaps stated at fair value in sales finance subsidiaries in the United States.

(iii) All other:

Sales revenues for all other businesses increased by ¥44.0 billion, or 16.8%, to ¥306.4 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥21.8 billion, or 118.9%, to ¥40.2 billion in FY2024 first quarter compared with FY2023 first quarter.

TOYOTA MOTOR CORPORATION

Analysis of Results of Operations

Geographic information

(i) Japan:

Sales revenues in Japan increased by ¥1,205.7 billion, or 30.9%, to ¥5,105.5 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥365.1 billion, or 108.4%, to ¥701.9 billion in FY2024 first quarter compared with FY2023 first quarter. The increase in operating income was mainly due to increases in both production volume and vehicle unit sales, as well as the effects of changes in exchange rates.

(ii) North America:

Sales revenues in North America increased by ¥742.1 billion, or 22.2%, to ¥4,092.0 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥105.0 billion, or 719.6%, to ¥119.6 billion in FY2024 first quarter compared with FY2023 first quarter. The increase in operating income was mainly due to the recording of valuation gains on interest rate swaps stated at fair value in sales finance subsidiaries in the United States, as well as increases in both production volume and vehicle unit sales.

(iii) Europe:

Sales revenues in Europe increased by ¥326.0 billion, or 33.5%, to ¥1,299.0 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥63.4 billion, or 323.7%, to ¥83.0 billion in FY2024 first quarter compared with FY2023 first quarter. The increase in operating income was mainly due to marketing efforts.

(iv) Asia:

Sales revenues in Asia increased by ¥168.9 billion, or 9.4%, to ¥1,964.5 billion in FY2024 first quarter compared with FY2023 first quarter. However, operating income decreased by ¥26.5 billion, or 12.5%, to ¥186.2 billion in FY2024 first quarter compared with FY2023 first quarter. The decrease in operating income was mainly due to the effects of changes in exchange rates and the unfavorable impact of soaring materials prices.

(v) Other (Central and South America, Oceania, Africa and the Middle East):

Sales revenues in other regions increased by ¥195.9 billion, or 23.6%, to ¥1,024.6 billion in FY2024 first quarter compared with FY2023 first quarter, and operating income increased by ¥39.5 billion, or 86.3%, to ¥85.4 billion in FY2024 first quarter compared with FY2023 first quarter. The increase in operating income was mainly due to marketing efforts.

TOYOTA MOTOR CORPORATION
Unaudited Condensed Quarterly Consolidated Statement of Financial Position

| | Yen in millions | | |
|---|-----------------|----------------|---------------|
| | Notes | March 31, 2023 | June 30, 2023 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 7,516,966 | 7,906,447 |
| Trade accounts and other receivables | | 3,586,130 | 3,579,181 |
| Receivables related to financial services | | 8,279,806 | 9,244,379 |
| Other financial assets | | 1,715,675 | 2,287,272 |
| Inventories | | 4,255,614 | 4,671,910 |
| Income tax receivable | | 218,704 | 245,936 |
| Other current assets | | 886,885 | 1,008,874 |
| Total current assets | | 26,459,781 | 28,943,999 |
| Non-current assets | | | |
| Investments accounted for using the equity method | | 5,227,345 | 5,143,351 |
| Receivables related to financial services | | 16,491,045 | 18,213,507 |
| Other financial assets | | 10,556,431 | 11,460,296 |
| Property, plant and equipment | | | |
| Land | | 1,426,370 | 1,446,910 |
| Buildings | | 5,464,811 | 5,654,705 |
| Machinery and equipment | | 14,796,619 | 15,591,572 |
| Vehicles and equipment on operating leases | | 6,774,427 | 7,227,875 |
| Construction in progress | | 846,866 | 852,978 |
| Total property, plant and equipment, at cost | | 29,309,093 | 30,774,041 |
| Less - Accumulated depreciation and impairment losses | | (16,675,119) | (17,482,649) |
| Total property, plant and equipment, net | | 12,633,974 | 13,291,392 |
| Right of use assets | | 491,368 | 516,601 |
| Intangible assets | | 1,249,122 | 1,299,050 |
| Deferred tax assets | | 387,427 | 434,307 |
| Other non-current assets | | 806,687 | 828,706 |
| Total non-current assets | | 47,843,399 | 51,187,209 |
| Total assets | | 74,303,180 | 80,131,208 |

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

TOYOTA MOTOR CORPORATION
Unaudited Condensed Quarterly Consolidated Statement of Financial Position

| | Yen in millions | | |
|---|-----------------|----------------|---------------|
| | Notes | March 31, 2023 | June 30, 2023 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade accounts and other payables | | 4,986,309 | 4,919,905 |
| Short-term and current portion of long-term debt | | 12,305,639 | 13,777,028 |
| Accrued expenses | | 1,552,345 | 1,710,575 |
| Other financial liabilities | | 1,392,397 | 1,614,693 |
| Income taxes payable | | 404,606 | 457,088 |
| Liabilities for quality assurance | | 1,686,357 | 1,780,077 |
| Other current liabilities | | 1,632,063 | 1,842,395 |
| Total current liabilities | | 23,959,715 | 26,101,761 |
| Non-current liabilities | | | |
| Long-term debt | | 17,074,634 | 18,239,266 |
| Other financial liabilities | | 533,710 | 638,120 |
| Retirement benefit liabilities | | 1,065,508 | 1,106,614 |
| Deferred tax liabilities | | 1,802,346 | 2,114,444 |
| Other non-current liabilities | | 603,052 | 656,599 |
| Total non-current liabilities | | 21,079,251 | 22,755,043 |
| Total liabilities | | 45,038,967 | 48,856,804 |
| Shareholders' equity | | | |
| Common stock | | 397,050 | 397,050 |
| Additional paid-in capital | | 498,728 | 497,995 |
| Retained earnings | | 28,343,296 | 29,279,685 |
| Other components of equity | | 2,836,195 | 3,925,624 |
| Treasury stock | | (3,736,562) | (3,770,291) |
| Total Toyota Motor Corporation shareholders' equity | | 28,338,706 | 30,330,063 |
| Non-controlling interests | | 925,507 | 944,341 |
| Total shareholders' equity | | 29,264,213 | 31,274,404 |
| Total liabilities and shareholders' equity | | 74,303,180 | 80,131,208 |

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

TOYOTA MOTOR CORPORATION

Unaudited Condensed Quarterly Consolidated Statement of Income and Unaudited Condensed Quarterly Consolidated Statement of Comprehensive Income

Unaudited Condensed Quarterly Consolidated Statement of Income

| | Notes | Yen in millions | |
|--|-------|--|--|
| | | For the first quarter ended June 30, 2022 | For the first quarter ended June 30, 2023 |
| Sales revenues | | | |
| Sales of products | VIII | 7,844,455 | 9,785,454 |
| Financial services | VIII | 646,661 | 761,377 |
| Total sales revenues | VIII | 8,491,116 | 10,546,831 |
| Costs and expenses | | | |
| Cost of products sold | | 6,700,127 | 8,040,979 |
| Cost of financial services | | 399,840 | 442,948 |
| Selling, general and administrative | | 812,494 | 942,003 |
| Total costs and expenses | | 7,912,462 | 9,425,931 |
| Operating income | | 578,655 | 1,120,900 |
| Share of profit (loss) of investments accounted for using the equity method | | 171,069 | 193,356 |
| Other finance income | | 125,793 | 190,127 |
| Other finance costs | | (19,362) | (23,339) |
| Foreign exchange gain (loss), net | | 183,259 | 246,776 |
| Other income (loss), net | | (17,667) | (7,267) |
| Income before income taxes | | 1,021,748 | 1,720,553 |
| Income tax expense | | 263,496 | 393,663 |
| Net income | | 758,253 | 1,326,890 |
| Net income attributable to | | | |
| Toyota Motor Corporation | | 736,820 | 1,311,372 |
| Non-controlling interests | | 21,432 | 15,518 |
| Net income | | 758,253 | 1,326,890 |
| | | | |
| | | | Yen |
| Earnings per share attributable to Toyota Motor Corporation | | | |
| Basic and Diluted | IX | 53.65 | 96.74 |

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

TOYOTA MOTOR CORPORATION
Unaudited Condensed Quarterly Consolidated Statement of Income and
Unaudited Condensed Quarterly Consolidated Statement of Comprehensive Income

Unaudited Condensed Quarterly Consolidated Statement of Comprehensive Income

| | Yen in millions | | |
|--|-----------------|--|--|
| | Notes | For the first quarter ended June 30, 2022 | For the first quarter ended June 30, 2023 |
| Net income | | 758,253 | 1,326,890 |
| Other comprehensive income, net of tax | | | |
| Items that will not be reclassified to profit (loss) | | | |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | | 41,613 | 375,035 |
| Remeasurements of defined benefit plans | | (3,528) | (3,074) |
| Share of other comprehensive income of equity method investees | | (60,004) | 60,922 |
| Total of items that will not be reclassified to profit (loss) | | (21,919) | 432,883 |
| Items that may be reclassified subsequently to profit (loss) | | | |
| Exchange differences on translating foreign operations | | 918,143 | 760,182 |
| Net changes in revaluation of financial assets measured at fair value through other comprehensive income | | (87,260) | (7,604) |
| Share of other comprehensive income of equity method investees | | 121,095 | 41,536 |
| Total of items that may be reclassified subsequently to profit (loss) | | 951,978 | 794,114 |
| Total other comprehensive income, net of tax | | 930,059 | 1,226,997 |
| Comprehensive income | | 1,688,311 | 2,553,887 |
| Comprehensive income for the period attributable to | | | |
| Toyota Motor Corporation | | 1,635,179 | 2,500,599 |
| Non-controlling interests | | 53,132 | 53,288 |
| Comprehensive income | | 1,688,311 | 2,553,887 |

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

TOYOTA MOTOR CORPORATION

Unaudited Condensed Quarterly Consolidated Statement of Changes in Equity

For the first quarter ended June 30, 2022

| Yen in millions | | | | | | | | | |
|--|--------------|----------------------------|-------------------|----------------------------|----------------|---|---------------------------|----------------------------|------------|
| Notes | Common stock | Additional paid-in capital | Retained earnings | Other components of equity | Treasury stock | Toyota Motor Corporation shareholders' equity | Non-controlling interests | Total shareholders' equity | |
| Balances at April 1, 2022 | 397,050 | 498,575 | 26,453,126 | 2,203,254 | (3,306,037) | 26,245,969 | 908,851 | 27,154,820 | |
| Comprehensive income | | | | | | | | | |
| Net income | — | — | 736,820 | — | — | 736,820 | 21,432 | 758,253 | |
| Other comprehensive income, net of tax | — | — | — | 898,359 | — | 898,359 | 31,699 | 930,059 | |
| Total comprehensive income | — | — | 736,820 | 898,359 | — | 1,635,179 | 53,132 | 1,688,311 | |
| Transactions with owners and other | | | | | | | | | |
| Dividends paid | VII | — | (385,792) | — | — | (385,792) | (25,187) | (410,979) | |
| Repurchase of treasury stock | | — | — | — | (121,311) | (121,311) | — | (121,311) | |
| Reissuance of treasury stock | | — | 334 | — | 573 | 907 | — | 907 | |
| Equity transactions and other | | — | (133) | — | — | (133) | (3,071) | (3,204) | |
| Total transactions with owners and other | | — | 201 | (385,792) | (120,739) | (506,330) | (28,258) | (534,588) | |
| Reclassification to retained earnings | | — | — | 69,277 | (69,277) | — | — | — | |
| Balances at June 30, 2022 | | 397,050 | 498,776 | 26,873,431 | 3,032,336 | (3,426,775) | 27,374,818 | 933,725 | 28,308,543 |

For the first quarter ended June 30, 2023

| Yen in millions | | | | | | | | | |
|--|--------------|----------------------------|-------------------|----------------------------|----------------|---|---------------------------|----------------------------|------------|
| Notes | Common stock | Additional paid-in capital | Retained earnings | Other components of equity | Treasury stock | Toyota Motor Corporation shareholders' equity | Non-controlling interests | Total shareholders' equity | |
| Balances at April 1, 2023 | 397,050 | 498,728 | 28,343,296 | 2,836,195 | (3,736,562) | 28,338,706 | 925,507 | 29,264,213 | |
| Comprehensive income | | | | | | | | | |
| Net income | — | — | 1,311,372 | — | — | 1,311,372 | 15,518 | 1,326,890 | |
| Other comprehensive income, net of tax | — | — | — | 1,189,227 | — | 1,189,227 | 37,770 | 1,226,997 | |
| Total comprehensive income | — | — | 1,311,372 | 1,189,227 | — | 2,500,599 | 53,288 | 2,553,887 | |
| Transactions with owners and other | | | | | | | | | |
| Dividends paid | VII | — | (474,781) | — | — | (474,781) | (35,457) | (510,238) | |
| Repurchase of treasury stock | | — | — | — | (34,377) | (34,377) | — | (34,377) | |
| Reissuance of treasury stock | | — | 263 | — | 649 | 911 | — | 911 | |
| Equity transactions and other | | — | (995) | — | — | (995) | 1,003 | 8 | |
| Total transactions with owners and other | | — | (733) | (474,781) | (33,728) | (509,242) | (34,454) | (543,696) | |
| Reclassification to retained earnings | | — | — | 99,799 | (99,799) | — | — | — | |
| Balances at June 30, 2023 | | 397,050 | 497,995 | 29,279,685 | 3,925,624 | (3,770,291) | 30,330,063 | 944,341 | 31,274,404 |

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

TOYOTA MOTOR CORPORATION
Unaudited Condensed Quarterly Consolidated Statement of Cash Flows

| | Yen in millions | | |
|--|-----------------|--|--|
| | Notes | For the first quarter ended June 30, 2022 | For the first quarter ended June 30, 2023 |
| Cash flows from operating activities | | | |
| Net income | | 758,253 | 1,326,890 |
| Depreciation and amortization | | 503,366 | 505,809 |
| Interest income and interest costs related to financial services, net | | (178,125) | (174,594) |
| Share of profit (loss) of investments accounted for using the equity method | | (171,069) | (193,356) |
| Income tax expense | | 263,496 | 393,663 |
| Changes in operating assets and liabilities, and other | | (286,225) | (802,363) |
| Interest received | | 309,518 | 488,866 |
| Dividends received | | 338,516 | 445,938 |
| Interest paid | | (80,904) | (204,171) |
| Income taxes paid, net of refunds | | (692,736) | (428,464) |
| Net cash provided by (used in) operating activities | | 764,087 | 1,358,218 |
| Cash flows from investing activities | | | |
| Additions to fixed assets excluding equipment leased to others | | (374,083) | (458,706) |
| Additions to equipment leased to others | | (458,483) | (636,023) |
| Proceeds from sales of fixed assets excluding equipment leased to others | | 16,925 | 8,165 |
| Proceeds from sales of equipment leased to others | | 427,753 | 460,086 |
| Additions to intangible assets | | (71,861) | (80,030) |
| Additions to public and corporate bonds and stocks | | (353,453) | (614,453) |
| Proceeds from sales of public and corporate bonds and stocks and upon maturity of public and corporate bonds | | 282,823 | 755,711 |
| Other, net | X | 79,467 | (551,805) |
| Net cash provided by (used in) investing activities | | (450,912) | (1,117,054) |
| Cash flows from financing activities | | | |
| Increase (decrease) in short-term debt | | 160,646 | 138,977 |
| Proceeds from long-term debt | | 2,238,120 | 2,181,694 |
| Payments of long-term debt | | (1,940,196) | (1,869,180) |
| Dividends paid to Toyota Motor Corporation common shareholders | VII | (385,792) | (474,781) |
| Dividends paid to non-controlling interests | | (25,187) | (35,457) |
| Reissuance (repurchase) of treasury stock | | (121,311) | (34,377) |
| Other, net | | — | 268 |
| Net cash provided by (used in) financing activities | | (73,721) | (92,858) |
| Effect of exchange rate changes on cash and cash equivalents | | 331,904 | 241,175 |
| Net increase (decrease) in cash and cash equivalents | | 571,357 | 389,481 |
| Cash and cash equivalents at beginning of period | | 6,113,655 | 7,516,966 |
| Cash and cash equivalents at end of period | | 6,685,012 | 7,906,447 |

The accompanying notes are an integral part of these condensed quarterly consolidated financial statements.

TOYOTA MOTOR CORPORATION

Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

I. Reporting entity

Toyota Motor Corporation ("TMC") is a limited liability, joint-stock company located in Japan, and TMC's principal executive offices are registered in Toyota City, Aichi Prefecture. For the first quarter ended June 30, 2023, the condensed quarterly consolidated financial statements of the group consist of TMC, its consolidated subsidiaries (collectively, "Toyota") and their interests in associates and joint ventures.

Toyota and its associates are primarily engaged in the design, manufacture, and sale of sedans, minivans, compact cars, SUVs, trucks and related parts and accessories throughout the world. In addition, Toyota and its associates provide financing, vehicle leasing and certain other financial services primarily to its dealers and their customers to support the sales of vehicles and other products manufactured by Toyota and its associates.

II. Basis of preparation

1. Compliance with international financial reporting standards

Toyota's condensed quarterly consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The condensed quarterly consolidated financial statements should be read in conjunction with Toyota's consolidated financial statements for the fiscal year ended March 31, 2023, since the condensed quarterly consolidated financial statements do not include all the information required in the annual consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed quarterly consolidated financial statements were approved on August 1, 2023 by the Board of Directors.

2. Basis of measurement

Toyota's condensed quarterly consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value and assets and liabilities associated with defined benefit plans.

3. Functional currency and presentation currency

The condensed quarterly consolidated financial statements are presented in Japanese yen, which is the functional currency of TMC. All financial information presented in Japanese yen has been rounded to the nearest million Japanese yen, except when otherwise indicated. Amounts may not sum to totals due to rounding.

III. Material accounting policies

Toyota's condensed quarterly consolidated financial statements are prepared based on the same accounting policies as those applied and described in the consolidated financial statements for the fiscal year ended March 31, 2023.

TOYOTA MOTOR CORPORATION

Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

IV. Significant accounting judgments and estimates

The preparation of the condensed quarterly consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. These estimates and underlying assumptions are reviewed on a continuous basis. Changes in these accounting estimates are recognized in the period in which the estimates were revised and in any future periods affected.

The condensed quarterly consolidated financial statements are prepared based on generally the same judgments and estimations as those applied and described in Toyota's consolidated financial statements for the fiscal year ended March 31, 2023.

TOYOTA MOTOR CORPORATION

Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

V. Segment information

1. Outline of reporting segments

The operating segments reported below are the segments of Toyota for which separate financial information is available and for which operating income/loss amounts are evaluated regularly by executive management in deciding how to allocate resources and in assessing performance.

The major portions of Toyota's operations on a worldwide basis are derived from the Automotive and Financial services business segments. The Automotive segment designs, manufactures and distributes sedans, minivans, compact cars, SUVs, trucks and related parts and accessories. The Financial services segment consists primarily of financing and vehicle leasing operations to assist in the merchandising of Toyota's products as well as other products. The All other segment includes telecommunications and other businesses.

2. Segment operating results

For the first quarter ended June 30, 2022:

| | Yen in millions | | | | |
|--------------------------------------|-----------------|--------------------|-----------|-------------|--------------|
| | Automotive | Financial services | All other | Elimination | Consolidated |
| Sales revenues | | | | | |
| Revenues from external customers | 7,717,491 | 646,661 | 126,964 | — | 8,491,116 |
| Inter-segment revenues and transfers | 2,613 | 5,463 | 135,398 | (143,473) | — |
| Total | 7,720,104 | 652,124 | 262,361 | (143,473) | 8,491,116 |
| Operating expenses | 7,270,846 | 537,611 | 243,984 | (139,978) | 7,912,462 |
| Operating income | 449,258 | 114,513 | 18,377 | (3,495) | 578,655 |

For the first quarter ended June 30, 2023:

| | Yen in millions | | | | |
|--------------------------------------|-----------------|--------------------|-----------|-------------|--------------|
| | Automotive | Financial services | All other | Elimination | Consolidated |
| Sales revenues | | | | | |
| Revenues from external customers | 9,669,784 | 761,377 | 115,670 | — | 10,546,831 |
| Inter-segment revenues and transfers | 18,160 | 13,803 | 190,773 | (222,736) | — |
| Total | 9,687,944 | 775,180 | 306,443 | (222,736) | 10,546,831 |
| Operating expenses | 8,742,306 | 627,887 | 266,217 | (210,479) | 9,425,931 |
| Operating income | 945,639 | 147,293 | 40,226 | (12,256) | 1,120,900 |

Accounting policies applied by each segment are in conformity with those of Toyota's condensed quarterly consolidated financial statements. Transfers between industry segments are made in accordance with terms and conditions in the ordinary course of business.

TOYOTA MOTOR CORPORATION
Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

3.Geographic information

For the first quarter ended June 30, 2022:

| | Yen in millions | | | | | | |
|--------------------------------------|-----------------|---------------|---------|-----------|---------|-------------|--------------|
| | Japan | North America | Europe | Asia | Other | Elimination | Consolidated |
| Sales revenues | | | | | | | |
| Revenues from external customers | 1,909,042 | 3,262,851 | 923,768 | 1,576,341 | 819,115 | — | 8,491,116 |
| Inter-segment revenues and transfers | 1,990,725 | 87,053 | 49,272 | 219,323 | 9,607 | (2,355,981) | — |
| Total | 3,899,767 | 3,349,904 | 973,040 | 1,795,664 | 828,722 | (2,355,981) | 8,491,116 |
| Operating expenses | 3,563,003 | 3,335,305 | 953,427 | 1,582,936 | 782,887 | (2,305,095) | 7,912,462 |
| Operating income | 336,765 | 14,599 | 19,612 | 212,728 | 45,836 | (50,886) | 578,655 |

For the first quarter ended June 30, 2023:

| | Yen in millions | | | | | | |
|--------------------------------------|-----------------|---------------|-----------|-----------|-----------|-------------|--------------|
| | Japan | North America | Europe | Asia | Other | Elimination | Consolidated |
| Sales revenues | | | | | | | |
| Revenues from external customers | 2,588,180 | 4,025,715 | 1,255,454 | 1,702,911 | 974,571 | — | 10,546,831 |
| Inter-segment revenues and transfers | 2,517,373 | 66,358 | 43,613 | 261,668 | 50,073 | (2,939,086) | — |
| Total | 5,105,553 | 4,092,074 | 1,299,067 | 1,964,579 | 1,024,644 | (2,939,086) | 10,546,831 |
| Operating expenses | 4,403,604 | 3,972,416 | 1,215,976 | 1,778,377 | 939,236 | (2,883,679) | 9,425,931 |
| Operating income | 701,949 | 119,658 | 83,090 | 186,202 | 85,408 | (55,406) | 1,120,900 |

"Other" consists of Central and South America, Oceania, Africa and the Middle East.

The above amounts are aggregated by region based on the location of the country where TMC or consolidated subsidiaries are located. Transfers between geographic areas are made in accordance with terms and conditions in the ordinary course of business.

TOYOTA MOTOR CORPORATION

Notes to Unaudited Condensed Quarterly Consolidated Financial Statements

4.Sales revenues by location of external customers

In addition to the disclosure requirements under IFRS, Toyota discloses this information in order to provide financial statements users with valuable information.

| | Yen in millions | |
|---------------|--------------------------------------|------------|
| | For the first quarter ended June 30, | |
| | 2022 | 2023 |
| Japan | 1,375,874 | 1,888,484 |
| North America | 3,274,863 | 4,031,922 |
| Europe | 872,707 | 1,225,994 |
| Asia | 1,612,365 | 1,786,939 |
| Other | 1,355,307 | 1,613,493 |
| Total | 8,491,116 | 10,546,831 |

"Other" consists of Central and South America, Oceania, Africa and the Middle East, etc.

VI. Fair value measurements

1. Definition of fair value hierarchy

In accordance with IFRS, Toyota classifies fair value measurement into the following three levels based on the observability and significance of the inputs used.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Fair value measurement based on inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Fair value measurement based on models using unobservable inputs for the assets or liabilities

2. Method of fair value measurement

The fair value of assets and liabilities is determined using relevant market information and appropriate valuation methods.

The methods and assumptions for measuring the fair value of assets and liabilities are as follows:

(1) Cash and cash equivalents -

Cash equivalents include money market funds and other investments with original maturities of three months or less. In the normal course of business, substantially all cash and cash equivalents and time deposits are highly liquid and are carried at amounts which approximate fair value due to their short duration.

(2) Trade accounts and other receivables and Trade accounts and other payables -

These receivables and payables are carried at amounts which approximate fair value due to their short duration.

(3) Receivables related to financial services -

The fair value of receivables related to financial services is estimated by discounting expected cash flows to present value using internal assumptions, including prepayment speeds, expected credit losses and collateral value.

As unobservable inputs are utilized, the fair value of receivables related to financial services is classified as Level 3.

(4) Other financial assets -

(Public and corporate bonds)

Public and corporate bonds include government bonds. Japanese bonds and foreign bonds, including U.S., European and other bonds, represent 30% and 70% (as of March 31, 2023) and 30% and 70% (as of June 30, 2023) of public and corporate bonds, respectively. Toyota primarily uses quoted market prices for identical assets to measure the fair value of these securities.

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(Stocks)

Listed stocks on the Japanese stock markets represent 86% (as of March 31, 2023) and 83% (as of June 30, 2023) of stocks that Toyota holds. Toyota primarily uses quoted market prices for identical assets to measure fair value of these securities. Therefore, stocks with an active market are classified as Level 1.

Fair value of stocks with no active market is measured by using the market approach or other appropriate methods. Therefore, stocks with no active market are thus classified as Level 3.

Price book-value ratios ("PBR") of comparable companies, discount ratios of discounted cash flow valuation method and others are the significant unobservable inputs relating to the fair value measurement of stocks classified as Level 3. The fair value increases (decreases) as PBR of a comparable company rises (declines) or the discount rate declines (rises). The estimated increase or decrease in fair value of stocks if the unobservable inputs were to be replaced by other reasonable alternative assumptions are not significant.

These estimates are based on valuation methods that are considered appropriate in each case. The significant assumptions involved in the estimations include the financial condition and future prospects and trends of the investees and the outcome of the referenced transactions. Due to the uncertain nature of these assumptions or by using different assumptions and estimates, the fair value may be impacted materially.

The shares classified as Level 3 are measured by the responsible department using quarterly available information in accordance with Toyota's consolidated financial accounting policies and reported to the supervisors along with the basis of the change in fair value.

(5) Derivative financial instruments -

Toyota employs derivative financial instruments, including foreign exchange forward contracts, foreign currency options, interest rate swaps, interest rate currency swap agreements and interest rate options to manage its exposure to fluctuations in interest rates and foreign currency exchange rates. Toyota primarily estimates the fair value of derivative financial instruments using industry-standard valuation models that require observable inputs including interest rates and foreign exchange rates, and the contractual terms. The usage of these models does not require significant judgment to be applied. These derivative financial instruments are classified as Level 2. In other certain cases when market data are not available, key inputs to the fair value measurement include quotes from counterparties, and other market data. Toyota assesses the reasonableness of changes of the quotes using observable market data. These derivative financial instruments are classified as Level 3. Toyota's derivative fair value measurements consider assumptions about counterparty and Toyota's own non-performance risk, using such as credit default probabilities.

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(6) Short-term and long-term debt -

The fair values of short-term and long-term debt including the current portion, except for secured loans provided by securitization transactions using special-purpose entities ("Loans Based on Securitization"), are estimated based on the discounted amounts of future cash flows using Toyota's current borrowing rates for similar liabilities. As these inputs are observable, the fair value of these debts is classified as Level 2.

The fair values of the Loans Based on Securitization are primarily estimated based on current market rates and credit spreads for debt with similar maturities. Internal assumptions including prepayment speeds and expected credit losses are used to estimate the timing of cash flows to be paid on the underlying securitized assets. In cases where these valuations utilize unobservable inputs, the fair value of the Loans Based on Securitization is classified as Level 3.

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3. Financial instrument measured at fair value on recurring basis

The following table summarizes the fair values of the assets and liabilities measured at fair value on a recurring basis. Transfers between levels of the fair value are recognized at the date of the event or change in circumstances that caused the transfer:

| | Yen in millions | | | |
|--|-----------------|-----------|---------|------------|
| | March 31, 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Other financial assets: | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Public and corporate bonds | 98,458 | 88,989 | 6,369 | 193,816 |
| Stocks | — | — | 168,214 | 168,214 |
| Derivative financial instruments | — | 610,340 | — | 610,340 |
| Other | 334,071 | 161,981 | — | 496,052 |
| Total | 432,529 | 861,310 | 174,583 | 1,468,422 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Public and corporate bonds | 3,976,333 | 2,405,823 | 26,963 | 6,409,119 |
| Stocks | 3,214,720 | — | 199,060 | 3,413,780 |
| Other | 7,838 | — | — | 7,838 |
| Total | 7,198,891 | 2,405,823 | 226,023 | 9,830,736 |
| Other financial liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | |
| Derivative financial instruments | — | (456,257) | — | (456,257) |
| Total | — | (456,257) | — | (456,257) |
| | Yen in millions | | | |
| | June 30, 2023 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Other financial assets: | | | | |
| Financial assets measured at fair value through profit or loss | | | | |
| Public and corporate bonds | 102,482 | 97,328 | 7,643 | 207,453 |
| Stocks | — | — | 190,588 | 190,588 |
| Derivative financial instruments | — | 768,104 | — | 768,104 |
| Other | 369,701 | 195,988 | — | 565,689 |
| Total | 472,183 | 1,061,419 | 198,230 | 1,731,833 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Public and corporate bonds | 4,062,346 | 2,537,030 | 22,286 | 6,621,662 |
| Stocks | 3,751,908 | — | 174,718 | 3,926,626 |
| Other | 9,253 | — | — | 9,253 |
| Total | 7,823,507 | 2,537,030 | 197,004 | 10,557,540 |
| Other financial liabilities: | | | | |
| Financial liabilities measured at fair value through profit or loss | | | | |
| Derivative financial instruments | — | (654,248) | — | (654,248) |
| Total | — | (654,248) | — | (654,248) |

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4.Changes in financial instruments classified as level 3 and measured at fair value on recurring basis

The following table summarizes the changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the periods ended June 30, 2022 and 2023:

| | Yen in millions | | | |
|-----------------------------------|---|---------|-------------------------------------|---------|
| | For the first quarter ended June 30, 2022 | | | |
| | Public and corporate bonds | Stocks | Derivative financial instruments | Total |
| Balance at beginning of year | 21,852 | 319,294 | — | 341,146 |
| Total gains (losses) | | | | |
| Net income (loss) | (78) | 15,594 | — | 15,516 |
| Other comprehensive income (loss) | — | 6,425 | — | 6,425 |
| Purchases and issuances | — | 4,008 | — | 4,008 |
| Sales and settlements | (54) | (2,023) | — | (2,077) |
| Transfer to (from) Level 3 | (327) | — | — | (327) |
| Others | 2,509 | 16,627 | — | 19,136 |
| Balance at end of period | 23,902 | 359,925 | — | 383,828 |

| | Yen in millions | | | |
|-----------------------------------|---|----------|-------------------------------------|----------|
| | For the first quarter ended June 30, 2023 | | | |
| | Public and corporate bonds | Stocks | Derivative financial instruments | Total |
| Balance at beginning of year | 33,332 | 367,274 | — | 400,606 |
| Total gains (losses) | | | | |
| Net income (loss) | (18) | 14,356 | — | 14,338 |
| Other comprehensive income (loss) | — | (4,457) | — | (4,457) |
| Purchases and issuances | — | 3,042 | — | 3,042 |
| Sales and settlements | (2,222) | (10,588) | — | (12,811) |
| Transfer to (from) Level 3 | 792 | — | — | 792 |
| Others | (1,956) | (4,321) | — | (6,276) |
| Balance at end of period | 29,928 | 365,306 | — | 395,234 |

Net income (loss) in public and corporate bonds, stocks and derivative financial instruments, other than transactions related to financial services, are each included in "Other finance income" and "Other finance costs" in the accompanying condensed quarterly consolidated statement of income. Transactions related to financial services are included in each of "Sales revenues - Financial services" and "Cost of financial services" in the condensed quarterly consolidated statement of income.

In the reconciliation table above, derivative financial instruments are presented as net of assets and liabilities.

"Others" includes foreign currency translation adjustments for the first quarter ended June 30, 2022 and 2023.

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5. Financial assets and liabilities measured at amortized cost

The following table summarizes the carrying amount and the fair value of financial assets and liabilities measured on an amortized cost basis:

| Yen in millions | | | | | |
|--|-----------------|------------|------------|------------|------------|
| March 31, 2023 | | | | | |
| | Carrying amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Receivables related to financial services | 24,770,851 | — | — | 24,741,916 | 24,741,916 |
| Interest-bearing liabilities | | | | | |
| Long-term debt (Including current portion) | 24,333,981 | — | 18,598,205 | 5,149,410 | 23,747,616 |
| Yen in millions | | | | | |
| June 30, 2023 | | | | | |
| | Carrying amount | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Receivables related to financial services | 27,457,886 | — | — | 27,384,883 | 27,384,883 |
| Interest-bearing liabilities | | | | | |
| Long-term debt (Including current portion) | 26,491,239 | — | 20,389,760 | 5,370,342 | 25,760,102 |

Of financial assets and liabilities that are measured on an amortized cost basis, those with carrying values that approximate fair value are excluded from the table above.

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VII. Dividends

The paid dividend amounts are as follows:

For the first quarter ended June 30, 2022

| Resolution | Type of shares | Total amount of dividends (yen in millions) | Dividend per share (yen) | Record date | Effective date |
|--|-----------------------|--|-------------------------------------|--------------------|-----------------------|
| The Board of Directors Meeting on May 11, 2022 | Common shares | 385,792 | 28.00 | March 31, 2022 | May 27, 2022 |

For the first quarter ended June 30, 2023

| Resolution | Type of shares | Total amount of dividends (yen in millions) | Dividend per share (yen) | Record date | Effective date |
|--|-----------------------|--|-------------------------------------|--------------------|-----------------------|
| The Board of Directors Meeting on May 10, 2023 | Common shares | 474,781 | 35.00 | March 31, 2023 | May 26, 2023 |

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VIII. Sales revenues

The table below shows Toyota's sales revenues from external customers by business and by product category.

| | Yen in millions | |
|--|--------------------------------------|------------|
| | For the first quarter ended June 30, | |
| | 2022 | 2023 |
| Sales of products | | |
| Automotive | | |
| Vehicles | 6,454,128 | 8,209,461 |
| Parts and components for production | 409,497 | 435,281 |
| Parts and components for after service | 656,271 | 734,442 |
| Other | 197,596 | 290,600 |
| Total automotive | 7,717,491 | 9,669,784 |
| All other | 126,964 | 115,670 |
| Total sales of products | 7,844,455 | 9,785,454 |
| Financial services | 646,661 | 761,377 |
| Total sales revenues | 8,491,116 | 10,546,831 |

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IX. Earnings per share

Reconciliation of the difference between basic and diluted earnings per share attributable to Toyota Motor Corporation are as follows:

| | Yen in millions | Thousands of shares | Yen |
|---|---|--------------------------------|---|
| | Net income attributable to Toyota Motor Corporation | Weighted-average common shares | Earnings per share attributable to Toyota Motor Corporation |
| For the first quarter ended June 30, 2022 | | | |
| Net income attributable to Toyota Motor Corporation | 736,820 | | |
| Basic and Diluted earnings per share attributable to Toyota Motor Corporation | 736,820 | 13,732,569 | 53.65 |
| For the first quarter ended June 30, 2023 | | | |
| Net income attributable to Toyota Motor Corporation | 1,311,372 | | |
| Basic and Diluted earnings per share attributable to Toyota Motor Corporation | 1,311,372 | 13,555,663 | 96.74 |

"Diluted earnings per share attributable to Toyota Motor Corporation" equals "Basic earnings per share attributable to Toyota Motor Corporation" for the first quarters ended June 30, 2022 and 2023, because there were no potential dilutive shares.

X. Supplemental cash flow information

"Other, net" in cash flows from investing activities includes a net decrease in time deposits of ¥219,625 million and a net increase in time deposits of ¥392,784 million for the first quarter ended June 30, 2022 and 2023, respectively.

XI. Contingencies

Guarantees -

Toyota enters into contracts with Toyota dealers to guarantee customers' payments of their installment payables that arise from installment contracts between customers and Toyota dealers, as and when requested by Toyota dealers. Toyota is required to execute its guarantee primarily when customers are unable to make required payments.

The maximum potential amount of future payments as of June 30, 2023 is ¥3,681,112 million. Liabilities for guarantees totaling ¥16,338 million have been provided as of June 30, 2023. Under these guarantee contracts, Toyota is entitled to recover any amount paid by Toyota from the customers whose original obligations Toyota has guaranteed.

Legal proceedings -

Toyota and other automakers have been named in certain class actions filed in Mexico, Australia, Israel and Brazil relating to Takata airbag issues. The actions in Israel and Brazil are being litigated. The actions in Mexico and Australia have been resolved.

Toyota is named as a defendant in an economic loss class action lawsuit in Australia in which damages are claimed on the basis that diesel particulate filters in certain vehicle models are defective. Toyota received an unfavorable judgment both in the primary court on April 7, 2022 and in the appeal court on March 27, 2023. The judgments included a finding that there was a perceived reduction in vehicle value of certain vehicle models. Toyota disagrees with the judgments and has filed an application for a further appeal. Other claims of economic loss in this class action lawsuit continue to be litigated at the court of first instance. In estimating the provision Toyota should record in the condensed quarterly consolidated financial statements as a result of the aforementioned judgments, Toyota has considered various factors including the legal and factual circumstances of the case, the contents of the judgments, and the views of legal counsel. The currently estimated probable economic outflow related to the class action is immaterial to Toyota's consolidated financial position, results of operations and cash flows. At this stage, however, the final outcome and therefore ultimate financial liability for Toyota on account of this matter cannot be predicted with certainty.

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In April 2020, Toyota reported possible anti-bribery violations related to a Thai subsidiary to the SEC and the Department of Justice ("DOJ"), and is cooperating with their investigations. Investigations by governmental authorities related to these matters could result in the imposition of civil or criminal penalties, fines or other sanctions, or litigation. Toyota cannot predict the scope, duration or outcome of these matters at this time.

Toyota also has various other pending legal actions and claims, including without limitation personal injury and wrongful death lawsuits and claims in the United States, as well as intellectual property litigation, and is subject to government investigations from time to time.

Beyond the amounts accrued with respect to all aforementioned matters, Toyota is unable to estimate a range of reasonably possible loss, if any, for the pending legal matters because (i) many of the proceedings are in evidence gathering stages, (ii) significant factual issues need to be resolved, (iii) the legal theory or nature of the claims is unclear, (iv) the outcome of future motions or appeals is unknown and/or (v) the outcomes of other matters of these types vary widely and do not appear sufficiently similar to offer meaningful guidance. Therefore, for all of the aforementioned matters, which Toyota is in discussions to resolve, any losses that are beyond the amounts accrued could have an adverse effect on Toyota's financial position, results of operations or cash flows.